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WASHINGTON, D.C. 20006-4103
202-296-8600

SUSAN G. LICHTENFELD

September 18, 1997

VIA OVERNIGHT COURIER

Mr. Vernon A. Williams
Secretary
Office of the Secretary
The Surface Transportation Board
1201 Constitution Avenue, N.W.
Washington, D.C. 20423

Attention: Janice Fort, Room 2311

Dear Mr. Williams:

Enclosed for recordation pursuant to the provisions of 48 U.S.C. Section 11303(a) are one original executed copy and three photostatic copies of a Memorandum of Railcar Security Agreement, dated as of August 27, 1997, between Johnstown America Corporation ("JAC") and City Public Service of San Antonio ("CPS"), a primary document as defined in the Commissioner's Rules for the Recordation of Documents.

The names and addresses of the parties to the enclosed Memorandum of Railcar Security Agreement are:

Secured Party: Johnstown America Corporation
17 Johns Street
Johnstown, Pennsylvania 15901

Debtor: City Public Service of San Antonio
134 Navarro
San Antonio Texas 78299-2906

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Mr. Vernon A. Williams
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A description of the railroad equipment covered by the enclosed document is set forth in the Memorandum of Railcar Security Agreement.

Also enclosed is a check in the amount of \$24.00 payable to the order of the Surface Transportation Board covering the required recordation fee.

Kindly return three stamped photostatic copies of the enclosed document and the stamped photostatic copy of this letter to Susan G. Lichtenfeld at Ross & Hardies, 150 North Michigan Avenue, Suite 3100, Chicago, Illinois 60601.

Following is a short summary of the enclosed document:

Document to be Recorded

Memorandum of Railcar Security Agreement, dated as of August 27, 1997 between Johnstown America Corporation, as secured party, and City Public Service of San Antonio, as debtor.

Very truly yours,


Susan G. Lichtenfeld

SGL/vgc
w/encl.
cc: Robert W. Kleinman

EXHIBIT A TO ARTICLE III
GENERAL CONDITIONS

RECORDATION NO. 20883 FILED

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MEMORANDUM OF RAILCAR SECURITY AGREEMENT

This Memorandum of Railcar Security Agreement is made and entered into as of August 21, 1997, by and between JOHNSTOWN AMERICA CORPORATION (hereinafter referred to as "Secured Party") and CITY PUBLIC SERVICE OF SAN ANTONIO (hereinafter referred to as "Debtor").

Pursuant to the Agreement dated as of August 26, 1997 (the "Agreement"), and subject to the terms and conditions therein set forth, Secured Party has agreed to manufacture and sell to Debtor, and Debtor has agreed to purchase from Secured Party, the railcars identified on Schedule A hereto (the "Railcars").

As security for the payment and fulfillment of its obligations to Secured Party under the Agreement, pursuant to Section GC.6 of the Agreement Debtor granted to Seller a security interest in the Railcars and the products, proceeds and accessions of and to any of the Railcars, together with all right, title and interest of Debtor therein and all rights and remedies which Debtor might exercise with respect thereto but for the execution of the Agreement.

As contemplated by the Agreement, Secured Party and Debtor hereby make this Memorandum of Railcar Security Agreement to confirm and perfect Secured Party's security interest in the Railcars. Secured Party and Debtor further acknowledge and confirm that this Memorandum of Railcar Security Agreement is not a summary of the Agreement nor a complete recitation of the terms and provisions thereof. Accordingly, Secured Party and Debtor agree that in the event of a conflict between this Memorandum of Railcar Security Agreement and the provisions of the Agreement, the provisions of the Agreement shall control.

IN WITNESS WHEREOF, each of the parties hereto, pursuant to due corporate authority, has caused this Memorandum of Railcar Security Agreement to be duly executed in its corporate name by its officers, thereunto duly authorized, all as of the date first above written.

SECURED PARTY:

DEBTOR:

JOHNSTOWN AMERICA CORPORATION

CITY PUBLIC SERVICE OF SAN
ANTONIO

By: [Signature]
Name: MICHAEL P. SISK, JR.
Title: DIRECTOR, MARKETING & SALES ADMINISTRATION

By: [Signature]
Name: Fred Villaseñor
Title: Director of Purchasing and
Small Business Development

COMMONWEALTH OF PENNSYLVANIA)
COUNTY OF Cambria)

SS:

On this 28th day of August, 1997, before me personally appeared MICHAEL P. SISHAK, to me personally known, who being duly sworn, says that he is a DIRECTOR of JOHNSTOWN AMERICA CORPORATION, a Delaware corporation, that said instrument was signed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Carolyn A. Phillips
Notary Public

[NOTARIAL SEAL]

My Commission Expires:

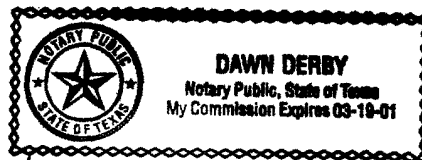
NOTARIAL SEAL
CAROLYN A. PHILLIPS, Notary Public
Johnstown, Cambria County, PA
My Commission Expires June 7, 2001

STATE OF TEXAS)
COUNTY OF Bexar) :SS

On this 8th day of September, 1997, before me personally appeared Ired Villaseca, to me personally known, who being by me duly sworn, says that he is a Director of CITY PUBLIC SERVICE OF SAN ANTONIO, a municipal corporation, that said instrument was signed on behalf of said corporation by an officer duly authorized to sign said instrument, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Dawn Derby
Notary Public

[NOTARIAL SEAL]



My Commission expires: 3/19/01

**SCHEDULE A
TO
MEMORANDUM OF RAILCAR SECURITY AGREEMENT**

165 Aluminum BethGon Coalporter Railcars bearing the following road marks and numbers:

SATX 11001 - SATX 11165 (inclusive)